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ABSTRACT

The radical restructuring of Alaska's public higher education system, brought on by Alaska's 1986 economic collapse, is described. It is significant because it is the most dramatic general funding reduction to an entire state public higher education system since World War II. Six sections discuss the following: (1) introduction to the University of Alaska (UA) system of higher education (governance structure and the major administrative unit (MAU) structure, enrollments/programs by MAU, and UA 6-year master plan); (2) state economic collapse (the private and public sector's long dependency on oil, January 1986 crash of the wellhead price of oil, magnitude of state revenue drop, and governor's response); (3) UA budget reductions (i.e., in spring of 1986 $15 million was cut for fiscal year (FY) 1987 from FY 1986), assessment of actions taken to meet the cut, and the January 1987 UA order to build the FY 1988 budget with an additional 10% reduction); (4) the decision to look at radically changing the structure of the system (responding to the speed and magnitude of events, disbanding of the budget flexibility task force and formation of a program review team, some restructuring alternatives, and the program review); (5) acceptance of the three university model (decision timetable, problems associated with merging traditional university campuses with community colleges, and campus decision making structures); and (6) comments on the restructuring task to date. The restructuring plan created 3 multicampus institutions from 3 universities and 11 community colleges over a 2-year period. It met the goal of creating a university system that provided essentially the same level of academic opportunities for the residents while reducing considerably the complexity and cost of the delivery system. Problems associated with merging traditional university campuses with open-door community colleges are addressed. (SM)

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Twenty-third Annual International Conference
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Planning Track 2 or 3

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ABSTRACT

This paper focuses on the radical restructuring of Alaska's public higher education system brought on by the State of Alaska's 1986 economic collapse. The restructuring created three multi-campus institutions from three universities and eleven community colleges over a two-year period. Problems associated with merging traditional university campuses with open door community colleges are addressed and strategies developed to safeguard existing educational missions as well as measure the effectiveness of the restructured system in relation to the University of Alaska's six-year master planning factors are reviewed.

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PAPER DESCRIPTION OUTLINE

This paper will present how the University of Alaska Statewide System of Higher Education addressed extreme and sudden reductions in state appropriations to its operating budget. The three major sections of the paper will include the following:

1. The first section focuses on the question of why there was a need to consider changing how the University of Alaska operated. A summary of the state revenue environment immediately prior to the crash of the spot market price of oil in early 1986, the condition and structure of the University of Alaska at that time, a description of the magnitude of state revenue losses and how they immediately affected the University system expenditure plans in the middle of fiscal year 1986 and the beginning of fiscal year 1987. The brief introduction to Alaska's only public higher education system as it existed in 1986 is followed by what specific effects the reduction of a third of the projected state revenue in a single year had on University funding. A chronology of events beginning in January 1986 and running through October 1986 summarizes what actions led to the decision to begin looking at substantially restructuring the entire university system in a very short period of time.

2. The second section describes the methodology or process that resulted in a system restructuring plan. Once it became obvious that the only way to accomodate the magnitude of the budget reductions the University had to take was to radically change the structure of the system, a strategy was developed to involve various internal and external constituancies to assist in formulating restructuring alternatives. The two major planning constraints mandated by the Board of Regents included: 1) the system restructuring plan had to meet the budget reduction targets but at the same time it had to attempt to provide the highest possible level of service in terms of programs and courses offered, and 2) the system restructuring plan had to meet the budget reduction targets but at the same time it had to attempt to provide the highest possible level of access in terms of providing these courses and programs at the current educational delivery sites. Three major restructuring alternatives were considered: 1) a single accredited university in the state with one president, 2) a single accredited multi-campus community college, three accredited universities, and a reduced central office administration, and 3) three accredited universities, no accredited community colleges, and a reduced central office administration.

3. The third section reviews the policy issues that needed resolution during the restructuring effort. With the acceptance of the three university model were associated three primary

problem issues that needed resolution: 1) the issue of how best to protect the community college mission once it was decided to merge the three traditional university campuses with the system's eleven community colleges, 2) the issue of how best to integrate a unionized community college faculty with traditional university faculties, and 3) the issue of maintaining an accredited university through a period of substantive change.

The paper summary targets the pluses and minuses of the progress made to date on completing the task of restructuring the system. Foremost in its accomplishments, the restructuring plan met the primary goal of creating a university system that provided essentially the same level of academic opportunities for the residents of the state while reducing considerably the complexity and cost of the delivery system. Additional positive outcomes included a much improved process of between institution student transferring, a simplified course numbering scheme, and the bringing together of faculty that had been in a more isolated educational environment to form a more functional critical mass. Significant negative outcomes included the effects on staff morale, legal challenges and labor relations problems, and an initiative effort to separate community colleges from the university.

The significance of this topic is that it describes the most dramatic general funding reduction to an entire state public higher education system since World War II and how this necessitated the extreme action of restructuring every institution both in relation to their internal operations and their collective role within the system. The actions taken avoided closing entire institutions, maintained course and program offerings, and allowed the University of Alaska System to avoid the long term negative effects of exigency or significant program elimination.

BIOGRAPHICAL SKETCHES

Brian Rogers is the Vice President for Finance for the University of Alaska Statewide System, and was a member of the UA President's management team during the system restructuring. Joining the University of Alaska in 1984, he previously served as Statewide Director of Budget Development and was the initial chair of the UA six-year master planning committee. He is a former Alaska State legislator and public policy consultant and holds a Masters Degree in public administration from Harvard University.

Thomas Gaylord is the Director of the Office of Institutional Research for the University of Alaska Statewide System, and was a member of the UA six-year master planning committee. Joining the University of Alaska in 1982, he previously served as Assistant to the Executive Vice President and Director of Statewide Fiscal Analysis. He is the former Assistant Director of the Alaska Commission on Postsecondary Education and holds a Ph. D. in higher education administration from the University of Florida.

A DISTRESSED ECONOMY AND ITS IMPACT ON A PUBLIC HIGHER EDUCATION SYSTEM:

An Analysis of the Need and Process of Restructuring the University of Alaska Statewide System of Higher Education

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I. INTRODUCTION TO THE UNIVERSITY OF ALASKA SYSTEM OF HIGHER EDUCATION

A. Video (15 min)

B. Governace Structure and UA's Major Administrative Unit (MAU) Structure

C. Enrollments/Programs by MAU

1. CC vs. 4-year

2. UAJ - Already A Merged CC and Sr. College Model

3. Relative Size of UA to Other Postsecondary Education Efforts in Alaska

D. UA Six-Year Master Plan (handout)

II. STATE ECONOMIC COLLAPSE

A. The Private and Public Sectors Decade-Long Dependency on Oil

B. The January 1986 Crash of the Wellhead Price of Oil (Jan $28/barrel to low of $10 in Aug)

C. Magnitude of State Revenue Drop ($1 billion)

D. Governor's Over Arching Response

1. Save What We Can The Rest of This Fiscal Year

a. Capital Projects

b. Limited Salary Reductions and Layoffs for Exempt State Employees

c. State Agency Dollar Reduction Targets

d. Freeze on All Non-Essential Expeditures

e. Strict Exception Approval Rules

2. Hiring/Layoffs - Commenced Employee Union Contract Renogotiations

3. Build FY87 State Agency Budgets With Non-Uniform Reductions

III. UA BUDGET REDUCTIONS

A. Spring of 1986 $15.0 Million Cut for FY87 from FY86 (10% of UA Operating Budget) After $7.0 FY86 Cut From FY85

1. Immediate Emergency Measures

i. Repair/Renovation/Equipment

ii. Contractual Services, Travel, Other Commodities

iii. Hiring, Promotions, Job Re-evaluations, Cost of Living Salary Increases

2. Budget Flexibility Task Force to Suggest Ways to Reduce Operating Expenses

B. Assessment of Actions Taken to Meet $15.0 Million Cut

1. Insufficient Time to Make Cuts of This Magnitude Without Program Reductions/Eliminations

2. Need to Consider a Declaration of UA System Financial Exigency

3. Long-Term Negative Effects of Financial Exigency

4. Board Makes Case to Governor That The University Can't Reduce As Quickly Without Exigency

i. Late Summer Governor Requests UA Target of Another $23.0 Million, Reduced to $15.0 Million of Which $6.0 Million Was Met Using Unspent Capital Projects Dollars

ii. UA to Eliminate 200 Administrative Positions (Total Statewide 430 Jobs Lost, 200 From UA)

C. January 1987 UA Told to Build FY88 Budget With An Additional 10% Reduction

IV. THE DECISION TO LOOK AT RADICALLY CHANGING THE STRUCTURE OF THE SYSTEM

A. Responding to Sped & Magnitude of Events, President Disbands Budget Flexibility Task Force and Forms Program Review Team

1. Composition - VP Fin, Provost, Gov Affairs, Budget Officer, Legal Counsel

2. Sept-Oct Campus Visits - To Review In-depth All Aspects of the Campuses to Look For Options

i. Examined Pattern of Programs

ii. Clienteles Served

iii. Organizational Structure in Support of Program Delivery

iv. Cost of Services

v. Strengths and Weaknesses of Campus Programs

3. Caveats on Cost Savings Options That Could Be Considered:

   i. What Could We do to Save Money but also Keep the Same Level of Service?

      a. Not Only Was There a Need to do Everything We Were Doing, But a Need for More

      b. Maintain Same Number of Courses, Programs (little unecessary duplication $2.0 mi)

   ii. What Could We do to Save Money but also Keep the Same Level of Access?

      a. Restricted Transportation System in a Large State

      b. Three Distinctive Cultural Identities

4. Program Review Team Found Only Option to Meet Dollar Savings Was to Restructure System

   i. System and Institutional Characteristics That Imapcted The Restructuring Options

      a. From 1974-84 12 of 14 Community Colleges and 2 of 3 Universities Were Developed

      b. System Grew in Ways Consistent With Too Much Money

         - Locally Controlled, Separate and Autonomous Campuses With Too Much Administrative Overhead
         - Campuses Reflected Various Geo-Political Realities of the Time
         - Educationally it Didn't Make Sense, Locally it Didn't Make Sense
            + locally the communities didn't or couldn't financially support the campuses so there was in no local committment
            + local community college advisory boards had a large degree of authority but little responsibility or accountability for actions
            + communities didn't have the population base
         - No Centralized Curriculum Review Process
         - No Common Course Numbering Scheme
         - No Accepted Articulation Agreement Among UA Campuses
         - Unrealistic Mission Statements

      c. Regional Animosity

      d. Needs in Northern, Southcentral and Southeastern Parts of State Were Different

         - In Northern, Greater Access to Baccalaureate Courses

- In Southcentral, Strongest Need to Maintain Vo-tech Programs, Largest Community College in State Which Was Also Second Oldest Institution in State Well Established in Community But It Had No Community Support, University in Anchorage Only 10 Years Old and Grew Out of ACC Because There Was Friction - Remains (i.e. 10 minute diff in class start times to hamper cross campus registration)
- In Southeast, Strong Need to Maintain Vo-tech Programs

B. Some Restructing Alternatives Considered

1. Single Accredited University in State With One President
2. Single Accredited Community College, Three Accredited Universities, Reduced Centralized Administration
3. Three Accredited Universities, No Accredited Community Colleges, Reduced Centralized Administration

C. Program Review Team, Renamed The Restructuring Team, and Chief Campus Administrators Analyzed Restructuring Alternatives

V. ACCEPTANCE OF THE THREE UNIVERSITY MODEL

A. Decision Timetable

1. In Oct 1986, President Presented Draft Restructuring Proposal to UA Assembly/University
2. In Nov 1986, Eight Public Hearings Were Held Around State as Well as Reviews From Campus and Statewide Faculty Assemblies and Various Campus and State Organizations
3. In Dec 1986, Board of Regents Approved the Three Univ Proposal to Restructure - Their Mandate Was to Add Substance to the Plan
4. In July 1987, Community Colleges "Closed", Names Changed to Colleges, President's of Community Colleges Reassigned as Deans, Teachers Integrated With Univ Faculties, ACCFT (the community college teacher union) membership dropped from 280 to 8
5. A Consequence of Restructuring was the Establishment of New Institutions, Not the Combining of CC's into Existing Institutions

B. Problems Associated With Merging Traditional University Campuses With Community Colleges

1. Protecting the Community College Mission

i. Open Admissions, Strong Support for Student Services, Local Access, Service for the Non-Traditional Student, Vo-tech programs, First Two Years of Baccalaureate Education, Developmental and Non-Credit Education - Details to Campuses

ii. Community College Coalition For Alaska Formed

a. grass roots campaign to stop restructuring failed for two reasons: (1) there was no local financial support for community colleges and (2) President had said only administration would be cut, not courses or programs

b. went to 1987 Legislature directly, offered up for legislation a proposal for creating separate community college system which was not acted upon

c. Legislature did asked the University for more and more detail on how the community college mission would be protected, whereupon the University Centers were afraid that their resources would be eroded disproportionately

d. Coalition filed lawsuit alleging Board didn't have authority to restructure the University and because it violated the State's open meeting laws (pending)

e. Coalition efforts are now directed at collecting enough signitures to permit a vote on the following initiative:

> There shall be established a separate independent Community College System in the State of Alaska. The University of Alaska shall transfer to the Community College System of Alaska such real and personal property as is necessary to the independent operation and maintenance of the Community College System. The amount of property transferred shall be commensurate with that occupied and operated by the Community Colleges on November 1, 1986. Properties created for the purpose of joint use by the University and the Community College System shall continue to be jointly used.

f. The University is sueing to remove the initiative from November's election on the grounds that the initiative is unconstitutional as no initiative can include re-appropriation directives, the University is also soliciting private donations through the foundation to fight the initiative if it has to - no way to create CC System and save money, and outlying CCs now like how restructuring is proceding

iii. Local Advisory Boards Will Continue in Communities Where Former Community Colleges Existed, Functioning in a Truly Advisory Role (i.e., no hire/fire authority)

iv. Board Has Required Annual Reports From Each Location Which Formerly Had a Community College

v. Legislature Has Structured Budget Request Units In a Fashion Which Tracts Funding Allocated to Activities Now Serving Former Community College Locations

vi. Each of the Three Universities Must Appropriately Reflect the Community College Mission in Their New Mission Statements

vii. Board Will Codify in Policy and Regulations Mechanisms to Protect the Community College Mission and Insulate It Against Administrative Changes

viii. Provision to Establish Locally Supported Community Colleges Outlined

a. Any Community That Supports 30% of the Operating Costs Can Establish a Community College (includes tuition)

ix. Establishment of a College of Community and Continuing Education at Each University

a. combining non-credit and continuing education from CCs with continuing education and night school from Univs

x. Establishment of a Rural College at UAF

a. want to be autonomous with UAF, responsible for all distance delivery programs and courses as well as ESL, ABE, and developmental courses and programs

xi. Statewide Vo-tech Coordination

a. committment by Board to enhance this, especially given bad economy

b. $15.0 million for Vo-tech Statewide

c. problem has been one of flexibility to move resources around

- vo-tech dollars are vo-tech dollars first, regional dollars second - we want to deploy dollars where they are needed within the system
- mobile labs

d. chancellors want regional control of the vo-tech dollars

- Northern has greater need to move those vo-tech dollars into Bach programs
- Southeastern has lots of vo-tech dollars but few students

xii. Tuition Lower for Traditional Community College Courses or Rural Locations

2. Integrating a Unionized Community College Faculty With a Traditional University Faculty

(ACCFT - AFT/AFL-CIO won right to represent FT CC teachers in 1973)

i. Was There an Obligation to Include the Collective Bargaining Unit Union in the Decision to Restructure?

a. it was decided no - under labor law principles it was decided to include the union in negotiating only the effects of restructuring

b. union refused participation - union filed a grievance on the basis that they believed they should have been involved with the decision to restructure and that they felt that restructuring was solely to bust the union (pending) also filed unfair labor practice charge with State Labor Relations Agency - no hearing date set yet

c. the University was closing the community colleges - it was going to layoff the community college teachers.

- under the Collective Bargaining Agreement, the University had to provide community college teachers one year as well as the opportunity to transfer
- all who were offered accepted transfer assignments to the new universities, one retired, 8 remain at PWSCC which retained community college status because of local funding

ii. The Appointment Process

a. 3 yrs< Service received one-year renewable appointment (28 CC faculty effected)
4-6 yrs Service received two-year renewable appointment (44 CC faculty effected)
7+ yrs Service received appointment with tenure (191 CC faculty effected)

iii. The Rank Process

a. Lane A & B of Contract received Instructor Rank (56 CC faculty effected)
Lane C of Contract received Assistant Professor Rank (39 CC faculty effected)
Lane D & E received Associate Professor Rank (168 CC faculty effected)

iv. Special Provisions

a. all former CC teachers would not be required to stand for tenure until their seventh year at the new institution

b. while no CC teacher was appointed to professor, those appointed to associate professor could stand for promotion during any future year

c. all appointments would maintain current levels of salary

v. Review of Regents' policies and University Regulations on Faculty Appointment, Review, Evaluation, Reappointment, Promotion, and Tenure Would is Being Done

vi. Lawsuits

a. from CC teachers with 10+ years of service who were denied rank of professor with no rationale they can understand

b. from 4 nurses in UAA College of Nursing who have worked for University 10+ years and never given the opportunity to stand for tenure

3. Accreditation

i. Northwest Association of Schools and Colleges, Commission on Colleges Submitted a Prospectus on Substantive Change From Each of the Three New Universities (the prospectus is the first step in the process of institutional re-evaluation when a unit experiences substantive organizational change)

a. self-studies being scheduled for the 1988-89 academic year

b. evaluation committee visit and accreditation reaffirmation consideration to follow

ii. There Will Be No Independently Accredited Community Colleges

C. Campus Decision Making Structures

1. Institutional Restructuring Advisory Council - Included Members of Former CC Councils, Public

2. Level II Task Forces

i. Degree Program Integration, Curriculum Integration, Common Course Numbering

ii. Faculty Integration

iii. Governance

iv. Outreach

v. Regional Vo-tech Education

vi. Student Services - Open Admissions Will Remain

3. Work Groups

VI. COMMENTS ON RESTRUCTURING TASK TO-DATE

A. Pluses

1. Accomplishes Objective - Saved Money Without the Need to Cut Academic Programs
2. Life is Easier for the Student Who Transfers Within the System
3. Brought Together Small Groups of Faculty to Form a More Functional Critical Mass

B. Minuses

1. For Non-Traditional Student, Even With Open Door, Schools Are Called Universities and Do Not Carry the More Hassle Free Image of Community Colleges
2. University People Are Worried About Eroding Quality of Bach and Above Programs Because Board Has Placed So Much Emphasis on Community College Level Programs
3. Strong Tradition of Community College Mission at ACC May Make it Impossible to Fully Integrate the Faculties There Easily and Also Motivate Them to Participate in Governance Activities
4. Regardless of the Efforts Made for Employee Assistance for Non-Retained Administrative Staff, A Survivor Instinct Reaction Set In and Even Those Who Won Out Were Not Happy
5. The Sheer Logistics of the Restructuring Tasks to Get to This Point Were Underestimated